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## **Near East & South Asia**

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**KUWAIT**

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# Near East & South Asia

## KUWAIT

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23 March 1993

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## Regional Affairs

### Assistance Given to Palestinian Deportees

93AE0278B London *AL-SHARQ AL-AWSAT* in Arabic  
21 Dec 92 p 3

[Article by Hamad al-Jasir: "Kuwaiti Committee Offers Assistance to Deportees"]

[Text] A Kuwaiti charity has decided to offer urgent aid to the Palestinian deportees, in the first such step by an Arab charitable agency since the deportees' arrival in the occupied "border strip" in southern Lebanon.

Nassar al-Khalidi, director of the al-Munasirah Charitable Committee of Kuwait's Social Reform Society, said that a committee delegation would go to Beirut to coordinate urgent aid operations for the deportees in cooperation with the committee's Beirut office.

He added that \$50,000 had been set aside as the first payment to buy equipment, food, and heating supplies for the deportees to help them withstand the harsh conditions that they are experiencing.

Al-Khalidi said that the committee hoped to enable each Palestinian deportee to return to his country quickly, but until that is accomplished, it is unacceptable to allow them to remain in their present circumstances.

He said: "We have drawn up an urgent plan through our office in Beirut and have contracted to buy tents, clothing, foodstuffs, and other necessities to provide to the deportees. We will also prepare a mobile clinic to offer medical services and emergency aid to those suffering from health problems."

### Islamic Standpoint

The director said that the committee began in 1986, concentrating its charitable activities in Lebanon and Palestine.

He said: "We offer our services, which are funded by charitable people and volunteers in Kuwait, to many parts of the Arab world and to the Lebanese and Palestinian people, in particular. We do this solely from an Islamic and humanitarian standpoint. We do not deal with political issues."

He explained that "the tragedy of our Palestinian brothers who have been deported by the Israeli occupation authorities reminds us in Kuwait of our tragedy, when thousands of Kuwaitis and others found themselves in the desert after the Iraqi invasion forces crushed Kuwait in August 1990."

Al-Khalidi indicated that the committee hopes to cooperate with Lebanese activities and all of the national factions in Lebanon to develop an emergency aid program for the deportees.

### Baghdad Rejected as Seat for Teachers Union

93AE0268A London *AL-SHARQ AL-AWSAT* in Arabic  
7 Jan 93 p 4

[Article by Muhammad al-Damyan: "Kuwaiti Delegation Stresses Prisoner Issue; Rejects Transfer of Headquarters to Baghdad"]

[Text] 'Umar al-Gharir, head of the Kuwaiti Teachers Union, stressed that the union's participation in the 14th general conference of the Arab Teachers Federation, which was held in Tunis from 25-29 December 1992, was to confirm the Kuwaiti Teachers Union's membership in the federation and to oppose the plan to choose Baghdad as the federation's permanent headquarters. According to federation bylaws, the permanent headquarters is in Cairo.

Al-Gharir confirmed the union's insistence that the federation's president and members of the executive branch be held accountable for their position during the Iraqi occupation of Kuwait. They pretended that the Kuwaiti Teachers Union had no identity and did not exist during that period. Accordingly, Kuwaiti's participation in this conference was aimed at "restructuring the federation with elements that are more committed to the principles of honor and trust." During a press conference held by the Kuwaiti Teachers Union on 6 January 1993, al-Gharir pointed out that the Kuwaiti delegation, from the outset of the conference, was shocked by the secretary general of the Tunisian Labor Federation, Ismail Sahbani's, disregard for such an humane issue as the Kuwaiti prisoners in Iraqi jails.

The Kuwaiti Teachers Union's secretary, Jamal al-Kandiri, said that the Kuwaiti delegation withdrew immediately following the end of Sahbani's speech. He added: "We confirmed our attendance because it had been scheduled to hold the conference in Syria, after Algeria declined. However, the venue was changed to Tunis." The Syrian, UAE, and Algerian delegations also withdrew, and the Moroccan delegation left before the conference ended. Therefore, there was no quorum, and the conference was postponed until a later date.

Al-Kandiri offered thanks to all those who stood by Kuwait—both officially and unofficially—from all the Arab countries.

## Internal Affairs

### Prewar Kuwaiti Diplomats in Iraq Discussed

93AE0267A London *AL-SHARQ AL-AWSAT* in Arabic  
23 Dec 92 p 4

[Article by Nasir al-Mutayri: "Kuwaiti National Assembly Criticizes Diplomatic Corps and Nationality Law"]

[Text] The Kuwaiti National Assembly had been scheduled to debate the security issue in yesterday's session, but a proposal submitted by five deputies to combine the security issue with the issue of foreign workers and population composition in a single subsequent session resulted in a two-week postponement of the security issue debate. Thirty-two deputies supported this proposal.

In other events, deputy Ya'qub Hayati commented on a letter he received from the foreign minister concerning the role of Kuwaiti diplomats in Baghdad before the brutal Iraqi invasion. He said: "Those who analyze the abilities of the Kuwaiti diplomats find that they were mature, with widespread, up-to-date experience in international affairs. However, it was diplomacy with no insight into the near future—nonconsultative diplomacy that depended on one official view."

Deputy Hayati pointed out that the foreign minister's letter proves Kuwait's diplomatic inability to comprehend the signs that preceded the Iraqi invasion. Hayati quoted from a letter received before the invasion from Iraqi [Deputy] Prime Minister Sa'dun Hamadi, which contained words and phrases proving Iraq's intentions to attack Kuwait.

Deputy Hayati demanded that attention be paid to Kuwaiti embassies abroad and that opportunities be given to young, qualified Kuwaitis to work in them, in accordance with objective standards. He also stressed the need to establish a diplomatic academy to train Kuwaiti diplomatic cadres.

In another matter, the Assembly discussed a Foreign Affairs Committee report that included 55 amendments to several laws. The amendments were approved, with the exception of one that pertained to the agreement concerning sending people under sentence back to their home countries in cases where the sentence was prison or execution.

The Assembly also debated a report from the Interior and Defense Committee concerning amendments to certain Nationality Law clauses, traffic court, the residency of foreigners, and an ordinance on searching for arms and ammunition.

During the debate on this report, deputy al-'Usaymi concentrated on the ordinance concerning arms searches. He demanded its withdrawal, pointing out that it made Kuwait look like an oppressive country, combing areas and entering houses in search of weapons. Interior Minister Shaykh Ahmad al-Hamud al-Sabah al-Jabir objected, saying that the only situation in which a house could be entered was after obtaining a warrant from the public prosecutor, in accordance with the law. Moreover, the law was temporary and would be in effect for only two years.

Deputy 'Abd-al-Muhsin Jamal criticized a statute concerning Kuwaiti nationality, which stipulates that Kuwaiti nationality be withdrawn from a naturalized person if he is sentenced for a crime violating honor and integrity within 15 years of receiving nationality status. The deputy said: "This is undesirable. A man is either a Kuwaiti and merits that status, or he does not merit it. It is impermissible to put him under supervision for 15 years. This would be an exclusionary ruling."

Deputy Mufarrij Nahar said that the Nationality Law granted citizenship to a foundling Kuwaiti, even if he does not know his father or his origin. However, the "stateless" [al-bidun], who were born and raised in Kuwait and who love it, are deprived of citizenship.

Deputy Ahmad al-Khatib demanded the withdrawal of the Interior and Defense Committee's report concerning the statutes, which he described as shameful, particularly the Nationality Law, which gives the government the right to take away Kuwaiti citizenship. He said that he considers that proposal tantamount to slavery and an insult to Kuwait.

In fact, the chairman of the Interior and Defense Committee complied with the criticism directed against the report and asked the speaker to withdraw it for further study and debate.

#### Justice Minister on Prisoners, Judiciary

93AE0264B London *AL-SHARQ AL-AWSAT* in Arabic  
19 Dec 92 p 2

[Report from Kuwait by Nasir al-Mutayri: "Kuwaiti Minister of Justice: Arab Court of Justice Is No Longer a Priority"]

[Text] Kuwaiti Minister of Justice al-'Anjari said in a statement to *AL-SHARQ AL-AWSAT* that the proposed Arab Court of Justice is no longer a priority or a focus of the Arab states in general, and Kuwait in particular, in view of the Iraqi invasion of Kuwait, which fractured Arab unity and split the Arab stand by ignoring Arab League charters and resolutions.

The Kuwaiti minister said that the draft law on the Arab Court of Justice was put in its final form two years ago with the participation of Kuwait but that it was shelved because of the current state of Arab affairs.

On the standardization of certain laws and legislation in GCC [Gulf Cooperation Council] states, the minister said: "Our objective goes beyond uniform laws. We seek to unify the Gulf states, and we hope, as a starting point, that there is a propensity to standardize social and economic laws in the GCC states as a means of driving cooperation."

On another point, al-'Anjari disclosed to *AL-SHARQ AL-AWSAT* that it has been agreed to form a tripartite committee composed of the International Red Cross, the General Prosecutor's Office, and the Ministry of the Interior to oversee prisoners detained in Kuwait. The committee is to consider each case individually and therefore guarantee human rights at the Kuwaiti detention center.

The justice minister accompanied the interior minister on a fact-finding tour of the detention center after a number of National Council deputies criticized frequent human rights violations at the center.

The justice minister explained that the detention center holds various types of people, including individuals who carry no identification papers or who do not hold any nationality and who are free to depart for any country they wish. The center also holds people who were arrested for illegally residing in Kuwait. These individuals have certain demands and civil rights that are being looked into before they are extradited.

The justice minister reiterated his commitment to the pledge he made at the time he received his portfolio, which is to seek autonomy for the judiciary. He pointed out that Deputies Hamad al-Ju'an and Mishari al-'Usaymi are sponsoring a draft law for an independent judiciary and that the bill will either be adopted by the National Council or will result in amendments to the current Judiciary Law to guarantee independence and freedom for the judiciary in Kuwait.

**Scandal in Social Security Operations Discussed**

93AE0280A London *AL-SHARQ AL-AWSAT* in Arabic  
9 Jan 93 p 4

[Article by Nasir al-Mutayri: "Kuwaiti Legislator Warns Against 'Public Money Mafia'"]

[Text] Dr. Isma'il al-Shatti, chairman of the Financial and Economic Committee of the Kuwaiti National Assembly, said that he had heard that there is a financial scandal in the Social Security Administration in Kuwait. He added that he does not have enough information about it. He said that all he received was talk and that there are not strong enough suspicions to allow the parliament to investigate the matter.

Al-Shatti's statements to *AL-SHARQ AL-AWSAT* came after some leaked information pointed to a new embezzlement scheme for public money. The accusers point to the investment department of the Social Security Administration.

Some sources say that the new cases of theft involve no less than \$300 million dollars. As yet, there is not enough evidence that would enable the responsible authorities to pinpoint the crime because the details of the issue are strongly guarded.

In his statements to *AL-SHARQ AL-AWSAT*, al-Shatti affirmed that he will immediately begin an investigation of this issue and collect information in order to unveil the case and hold the criminals responsible. He also said that he would initiate action in the parliament in this respect.

*AL-SHARQ AL-AWSAT* learned that one of the investigators of the Kuwaiti investment conspiracy had received threats from the suspects in this case when he went to Spain to conduct his investigations. He said that he had spent a horror-filled night in one of the hotels there. In other events, many Kuwaiti departments received copies of a memorandum sent by Ya'qub al-Hamidi, Fahd al-Bahr, and Fahd al-Rashid, three high-level officials in the Investment Authority, to the Kuwaiti Government at al-Ta'if during the Iraqi occupation. In this memo, they warned about the theft of \$450 million dollars and affirmed the smuggling of \$17 million dollars to Switzerland by an unknown individual. The three officials submitted their resignations from the investment authority after these events.

There have been more developments in the issue of safeguarding the public money in Kuwait. Nasir al-Sani', a member of the National Assembly, said that there is a "public money Mafia" because of the absence of popular monitoring after the Assembly was dissolved in 1986. He described the Kuwaiti public money as a house on fire. If the owner of the house just stands there lamenting his bad luck, the house will be destroyed by the fire. But if he tries to put the fire out, he will be able to save what is left and rebuild the house.

**Funds Sought for Electronic Border Fence**

93AE0278A London *AL-SHARQ AL-AWSAT* in Arabic  
4 Jan 93 p 4

[Article by Muhammad al-Dumiyan: "Campaign for Contributions To Build Fourth Kuwaiti Fence Begins; Electronic System To Protect Borders"]

[Text] A "grand Kuwaiti national campaign to gather contributions to build a fourth fence" got under way in Kuwait yesterday. It is a project that seeks to set up an early-warning system near the border line to protect Kuwait's security.

Sa'ud al-'Asimi, president of the Kuwaiti National Committee for the Fourth Fence, said that the first phase will start with contacts with companies and banks, and the second phase will be a popular campaign. It will include the distribution of boxes and the publicizing of the bank accounts into which contributors may deposit their money. A meeting of the financial committee, which is made up of members of the National Committee, was held yesterday evening to organize its activities, set out the bases and ground rules for action, and contact Kuwaiti companies and banks. The companies and banks are considered major sources of funding for the campaign, which has won the confidence and blessing of the amir of Kuwait.

It is worth noting that the committee received numerous petitions from foreign companies wishing to implement the fence project, which will provide a type of early warning system at the Kuwait-Iraq borders. Many countries rely on this kind of system, particularly electronic fences, to protect their borders. Construction of the fence is aimed at protecting Kuwait from the dangers posed by infiltrators. The idea of building the fourth fence has met with widespread support at the official and popular levels, especially because the Kuwaitis have had experience in building fences that have greatly contributed to the protection of Kuwait City from dangers that have threatened it in the past.

**Assembly Committee Criticized on Citizenship Law**

93AE0274A London *AL-SHARQ AL-AWSAT* in Arabic  
2 Jan 93 p 2

[Article by Nasir al-Mutayri: "Criticism and Parliamentary and Popular Opposition in Kuwait to Law Depriving Naturalized Citizens of Political Rights"]

[Text] Kuwait—Most Kuwaiti circles have launched a campaign of criticism against members of the Kuwaiti National Assembly's Internal and Defense Affairs Committee because of their approval of the decree that denies naturalized citizens the right to vote until 30 years after they acquire Kuwaiti citizenship. This decree was opposed so strongly in the assembly's ordinary session last week that deputy 'Abbas Munawir, the session chairman, was forced to withdraw it to be reexamined before it is submitted to the assembly a second time.

Deputy Khalid al-'Uduwah has characterized this decree as a pickax for destroying Kuwait's national unity, while deputy Khalaf Dumaythir al-'Anzi sees that with its support for such a decree, the Internal and Defense Affairs Committee has entrenched ethnic discrimination among the people's various groups.

Deputy Ahmad al-Khatib also criticized the decree, saying that in the past the law demanded a 10-year waiting period, after which the naturalized citizen could exercise his political rights. The government then increased this period to 20 years, which is being now extended to 30 years. Al-Khatib said that this in itself is tantamount to improper treatment, especially because Kuwait now lives in a new world that has the criteria of justice, equality, freedom, and honoring man. He added that all government promises to unify citizenship have "evaporated."

In this context, AL-SHARQ AL-AWSAT interviewed 'Uthman 'Abd-al-Malik al-Salih, a constitutional expert and dean of the Law College, to find out the legal and constitutional opinion on the decree that denies a naturalized citizen his political rights for 30 years. He said that the citizenship law contains major constitutional violations because it divides citizens into several groups, including a top group that enjoys full citizenship and a bottom group that does not. This creates cracks in national unity. Al-Salih added that the election law contains other constitutional violations, especially Articles 6, 7, 9, 20, and 80 of the Constitution. Article 6 establishes the principle of democracy; Article 7 establishes the principle of equality, and Article 80 underlines the public nature of election as a "general election."

Al-Salih added that the [proposed] citizenship law leads to categorizing citizens, because a naturalized citizen will not have the right to vote until 30 years after he is naturalized.

The Law College dean noted that the current Kuwaiti citizenship law helps create a "fifth column" in Kuwait. "Psychological complexes" develop among such people because they are citizens who do not take part in decision-making. They are required to be totally loyal, but they do not have full rights.

Al-Salih asserted that the Kuwaiti citizenship law must be fully evaluated so that serious gaps existing in it are filled. He said that the policy that should be adopted regarding Kuwaiti citizenship is not to permit any person to be naturalized unless he is qualified to enjoy his political rights, even if it is after a reasonable period of time that acts as a period of "loyalty training." No person should be allowed to join Kuwaiti society and then be denied popular political participation. Such denial is likely to create complexes and, subsequently, perils to and gaps in Kuwait's security fence.

In another area, the Kuwaiti National Assembly's Foreign Relations Committee has approved the proposal submitted by representatives of the assembly's various religious tendencies on providing aid and care to Muslim children in Bosnia-Hercegovina to alleviate the hardship they are experiencing as a result of the painful current events.

Deputy Nasir al-Sani', the Foreign Affairs Committee rapporteur, said that the committee examined this proposal with Shaykh Sabah al-Ahmad al-Sabah, the first deputy prime minister and foreign minister, and asked him to instruct Kuwaiti embassies abroad to supply the committee with the necessary information so it can perform this task.

The committee has also contacted the Kuwaiti Alms House several times to coordinate its assisting role in this regard.

Al-Sani' has assured AL-SHARQ AL-AWSAT that helping the children in Bosnia-Hercegovina, who are being subjected to history's ugliest catastrophes by the Serbs, is the smallest duty that the Kuwaiti National Assembly can perform on behalf of the Kuwaiti people, who learned well the meaning of oppression and persecution in light of the bitter Iraqi occupation experience.

He added that duty demands that the plot of murder, torture, and annihilation being executed there against Muslims be confronted. One must also confront the tragic effort to take Muslim children in Bosnia-Hercegovina out of the region on the pretext of getting them away from the blockaded Muslim areas. Committees from other faiths are then assigned to receive, adopt, and raise these children and to convert them from Islam, while Muslims in Bosnia-Hercegovina are sacrificing their lives to cling to their faith.

### National Assembly Considers Citizenship Law

#### Members Against Change

93AE0275A London AL-SHARQ AL-AWSAT in Arabic  
7 Jan 93 p 2

[Article by Faris al-Salman: "Two-Thirds of Kuwaiti National Assembly Members Do Not Support Solution to Problem of Second Nationality"]

[Text] Kuwait—Kuwaiti National Assembly Deputy Ahmad Nassar al-Shuray'an, rapporteur of a committee to respond to the amir's letter, appealed to second-class citizens to approach assembly deputies to demand consolidation of second- and first-class citizens.

In a exclusive statement to AL-SHARQ AL-AWSAT yesterday, al-Shuray'an revealed that two-thirds of assembly members do not wish for a solution to the problem of second nationality—a situation that will cause a significant problem, perhaps as significant as that of holders of unspecified nationalities and a problem that has not been placed on the assembly's agenda as of yet.

Al-Shuray'an noted that the illegal financial excesses at the Foreign Investment Office were very large. He described it as a "den of iniquity" and said that "whenever we uncover something, we find greater corruption."

He added: "We demanded disclosure, within a maximum of three months, of the names of those who strayed from the righteous path." He indicated that any person who attended the assembly's final session—which focused on the bill to protect public funds, a bill that was prepared by the Legislative and Legal Committee—would have "his heart torn asunder by grief."

Despite that, al-Shuray'an praised the assembly's accomplishments, pointing out that some "Talha" prisoners were released because of the continuous demand for that action. He added: "Nowadays no one can hold another person answerable outside the (purview) of the law."

#### Five Members Seek Change of Law

93AE0275B London AL-SHARQ AL-AWSAT in Arabic  
11 Jan 93 p 4

[Article by Husayn 'Abd-al-Rahman: "Demand That Kuwaiti Citizen Bears His Father's Nationality"]

[Text] Kuwait—in what is considered the first parliamentary move to set right the living conditions of Kuwait-born offspring of naturalized Kuwaitis, five Kuwait National Assembly deputies called for an amendment to Item 2 of Amiri Decree No. 15 of 1959 on the Kuwaiti Nationality Law.

In their bill, Assembly members Ahmad al-Khatib, Nasir Sarkhuh, 'Abd-al-Muhsin Jamal, and Ahmad al-Shuray'an noted the need to amend Item 2 of the Kuwaiti Nationality Law to read as follows: "A Kuwaiti is anyone who is born in Kuwait or abroad to a Kuwaiti father, whether the father is constitutionally a Kuwaiti in accordance with the text of Item 1 of this law, or has acquired Kuwaiti nationality by way of compliance with its provisions".

In the bill presented to the assembly speaker, the five deputies pointed out that Item 2 of the Kuwaiti Nationality Law featured a clause that states that a Kuwaiti is anyone born in Kuwait or abroad to a Kuwaiti father, on the basis of kinship, irrespective of the mother's nationality and taking into account the father's given nationality at birth, whether the father was constitutionally a Kuwaiti, in accordance with the provisions of Item 1 of the law, or had acquired this nationality by way of naturalization or for any other cause in accordance with the provisions of Items 3, 4, 5 and 7 of the law.

In their legal brief, the deputies added that since the crucial factor was certitude of the nationality of the descendant, by way of the father having the benefit of a Kuwaiti nationality—whatever its status, source, or reason—it follows that no justification exists for discrimination against descendants of fathers who are constitutionally Kuwaiti or who had acquired such nationality by way of naturalization. The reasons for such discrimination no longer exist, especially because the explanatory note to the Constitution, in its comment on Item 82 thereof, pointed out that nomination to membership in the National Assembly is a right of the descendants of a naturalized citizen, provided that the citizenship law allows their status as citizens in the first instance.

It should be noted that this proposal enjoys the support of all of the political and religious factions and coalitions within the assembly. This may lead to its swift endorsement and its attaining a parliamentary majority. Such a situation would enable assenting deputies to gain voters' ballots in the next parliamentary election, specifically the ballots of the descendants of naturalized citizens, who have been prevented from casting their ballots until now. At present, a naturalized citizen does not have the right to vote in parliamentary elections. Voting is restricted to those who "constitutionally" have first citizenship.

#### Dismissal of Prisoners of War Committee

On the other hand, Deputy 'Abd-al-Muhsin Jamal, rapporteur of the Prisoners of War Committee in the Kuwait National Assembly, expressed a desire for the government to issue a decision on accepting the resignation of members of the National Committee for Prisoners of War in order to implement the National Assembly's recommendation for its dismissal and the appointment of new members.

'Abd-al-Muhsin Jamal said that the committee could not meet with Arab League Secretary General 'Ismat 'Abd-al-Majid during his recent visit to Kuwait.

He pointed out that the government has not initiated any steps in that direction and said that if the government wishes to cooperate with the Assembly, it must accept the resignation of the committee and should not attempt to

"politicize" it. Nonacceptance of the committee's resignation involves impeding the activities of the Assembly's Prisoners of War Committee, which plans to explain the prisoners of war issue on an international level.

#### Election Campaign Held in 16th District

93AE0280B London *AL-SHARQ AL-AWSAT* in Arabic  
10 Jan 93 p 4

[Article by Nasir al-Mutayri: "Heat of Election Campaign Returns to Kuwait"]

[Text] The heat of the elections returned to Kuwait after the initiative was taken by Muslim al-Barak, a candidate in the special elections who two days ago held an election rally that reminded everybody of the noise of the most recent elections.

Candidate al-Barak was successful in his constitutional efforts and was able, by contesting the election of the former Deputy Mubarak al-Khuraynij, to suspend al-Khuraynij's parliamentary seat and have a constitutional decree to hold special elections in the 16th District.

At his rally, al-Barak said that his campaign was not directed against Mubarak al-Khuraynij or against any tribe or group of people. It was linked to imbalances in the election processes in the 16th District.

He said that he has exercised his constitutional rights by campaigning and hinted at the need for those who are capable of deceit to know that the time has come to emphasize a sound election process.

Al-Barak said that membership in the National Assembly is everybody's right. He stressed the importance of concentrating on due process in elections and not blindly supporting a tribe or a group of people. He hinted that the tension in the 16th District is due to the competition between the two largest tribes, the Mutayr tribe to which he belongs and al-Rashayidah tribe to which the outgoing candidate belongs.

Answering a question about the position of Mubarak al-Duwaylah, who won the first seat in the 16th district and whether he will support one of the candidates, al-Barak said that al-Duwaylah is very well respected and has represented the 16th district since 1985. Al-Barak said that al-Duwaylah is also a man with high principles, and he hopes that they will prove useful during the current session. He added that everyone is entitled to their opinions and that they have complete freedom to choose who will represent them in the National Assembly.

Al-Barak expressed his hope that al-Duwaylah will participate in restoring the election atmosphere by discussing sensitive issues. He added that the opportunity for a special election is a chance to activate democracy in Kuwait and activate the popular demands in the parliament.

At his rally, al-Barak mentioned the disappointment felt by many citizens and said that reform is not restricted to the parliament. He said that it is the responsibility of the Kuwaiti people to follow the path of democracy and never take a negative position toward it.

He said that while Kuwait was under the Iraqi occupation and its people were suffering from injustice in Kuwait and

homelessness outside of it, Kuwaiti investments witnessed the largest-ever embezzlement of public money.

He criticized those who try to link the crimes against the public money to three people whose assets were frozen, pointing out that the embezzlement is still occurring. He stressed that there should be true reform in Kuwait.

He called on people to not lose hope, because "there is a great deal to be done and we need to reorganize the parliament."

### Investigation of Transportation Company Demanded

*93AE0276A London AL-SHARQ AL-AWSAT in Arabic 8 Jan 93 p 9*

[Report from Kuwait by Muhammad al-Damyan: "Amid Rumors of More Than \$1 Billion in Losses: al-Rumi Formally Asked To Reveal Extent of Malfeasance at Kuwaiti Oil Tanker Company"]

[Text] Kuwaiti Oil Minister 'Ali al-Baghli ordered 'Abdallah al-Rumi, chairman of the Kuwaiti Oil Tanker Company, to formally report to the prosecutor-general on recent incidents of fiscal malfeasance at the company.

The Kuwait News Agency reported last night that the memorandum submitted by al-Rumi was detailed and documented. The wire service also reported that prosecutors took al-Rumi's deposition and will be questioning other company employees. The memorandum that was submitted to the prosecutor-general requested legal action against those whom documents and facts reveal to have been involved in fiscal misconduct.

It is to be noted that the oil minister had told the press that a committee of the tanker company's board of directors was formed to investigate the matter fully and report to him on its findings at which time, he pledged, he would refer anyone suspected of wrongdoing to the proper legal authorities.

The scandal of embezzlement and improprieties at the Kuwaiti Oil Tanker Company gained more notoriety when it was recently described by Kuwaiti sources as "the second largest case of public fund embezzlement, malfeasance, and misuse of public trust." The seriousness of the scandal became apparent when al-Baghli confirmed that embezzling indeed took place and that the authorities were determined to investigate the matter and punish those found to be involved. Al-Baghli said: "People will be punished, but we are not about to condemn anyone on the basis of rumor."

He said that that the ministry has formed a committee, composed of the chairman and vice chairman of the tanker company, to oversee the investigation of "financial losses" brought about by the manner in which the company handled a number of commercial contracts.

The minister emphasized that "an examination of the books, accounts, and contracts revealed shortages in the millions of dinars." He did not give additional details.

According to Kuwaiti sources, certain officials of the Kuwaiti Oil Tanker Company had diverted to their own use "hundreds of millions of Kuwaiti dinars (a Kuwaiti dinar equals \$3.40) over the past few years" and that the

funds embezzled could be as high as 300 million dinars (about \$1.02 billion), but sources at the Oil Ministry said they consider that figure to be "greatly exaggerated."

Incomplete information released so far reveals that senior officials at the tanker company embezzled the missing funds by entering into transactions with fictitious companies registered abroad and by reaping astronomical profits from manipulating prices and bids.

Kuwaiti sources mentioned that the wrongdoing included chartering floating storage tanks to transport crude from offshore and then leasing them out at a profit. It also included other actions, such as the purchase of four oil tankers from Korea and the sale of other tankers as scrap to unknown parties.

The sources added that the officials used foreign transaction companies to enter into dual contracts whereby they themselves bought the tankers before selling them to the company.

The Kuwaiti Oil Tanker Company agreed in 1990 to buy four tankers from Korea at \$85 million each. The first of the tankers was delivered in December 1991, and the other three were delivered this year. Last week, the company announced its decision to sell two of the tankers it bought in 1989, for which it paid \$30 million each. No mention was made of the selling price or of who the buyer was, but the company did say that one of the tankers was being sold as scrap.

Kuwaiti financial sources said that there were "indications that certain senior officials of the Kuwaiti Oil Tanker Company reaped huge profits from those transactions" and that they deposited the difference in prices in secret accounts in Gulf and European banks.

'Abdallah al-Rumi, chairman of the Kuwaiti Oil Tanker Company, had recently announced the company's intention to sell the tankers Bubyah and al-Jabiriyah, which were bought used in 1989 for \$30 million each but which had operational problems.

The Kuwaiti Oil Tanker Company scandal comes at the heels of another scandal that investigators are still sorting out—the loss of billions of dollars in Kuwaiti investments in Spain—which has infuriated the people and their legislators.

The Kuwaiti National Assembly is scheduled to begin its debate Tuesday of a draft law, prompted by the collapse of Kuwaiti investments in Spain, that seeks to thwart the misuse of public funds.

### Embezzlement at Tanker Company Reported

*93AE0277A London AL-HAYAH in Arabic 9 Jan 93 p 13*

[Report from Kuwait: "Embezzlements at Kuwaiti Oil Tanker Company: Principals Involved; Investigation To Be Completed This Month"]

[Text] The weekly economic report of AL-SHAL's Kuwait bureau expects that examiners will complete their investigation this month of embezzlements at the Kuwaiti Oil Tanker Company. The case will then be referred to the prosecutor general's office. Preliminary information and evidence suggest the involvement of senior company officials.

The following is the text of the report:

### 1. Oil

Preliminary figures indicate that crude oil production in the interior of Kuwait may rise next February to about 1.7 million bpd [barrels per day], or to about 1.85 million bpd if we add Kuwait's share of the divided zone.

An encouraging preliminary report indicates that the oil wells are in better condition than expected and that losses at al-Manaqish field—the only field whose study has been completed—were limited to burning and seepage, not counting the loss to net income from the high cost of production as a result of field rehabilitation.

Other studies by independent and specialized agencies are not yet completed, but internal reports at the Kuwait Oil Company, which are apparently based on test results of all the fields, reach similar conclusions, i.e., that damage to the wells is minimal. Studies to determine the condition of all wells will be completed as scheduled this year and early next year. We were told by an official source that the regardless of the country's financial needs, production will be halted at any field or well thought to be exposed to potential damage.

One source emphasized that [the decision to] increase Kuwaiti production to 1.7 million bpd has considered possible current or future harm to the wells. We, on our part, can neither confirm nor deny that report, which was received from two different but usually reliable sources at the Kuwaiti Oil Company.

The investigation at the Kuwaiti Oil Tanker Company is nearing completion. It seems that there is adequate evidence to indict some senior company officials, but others are also believed to be involved. Internal investigations at the Kuwait Oil Company and the Kuwaiti Oil Tanker Company will likely continue through this month and will be referred to the prosecutor general's office when they are completed. Preliminary information indicates that neither the investigation, nor the indictment if it comes to that, will come under any pressure. The action will have support at the highest level of authority. This is encouraging.

### 2. Public Finance

The Kuwait Central Bank governor said in a statement to the press that Kuwait's external debt amounts to \$11 billion, of which half is in direct loans and the other half in export facilities extended by other countries. We believe that the latter have not been fully utilized but will be in the near future due to the demand for foreign exchange.

[Let us] update the figures on public finance, which we believe represent a serious threat to the country in the short term.

Domestic public debt amounts to 7 billion Kuwaiti dinars, or the equivalent of \$23 billion at current exchange rates.

This means that the state's combined debt amounts to \$34 billion, or 10 billion Kuwaiti dinars, which is at, or even slightly above, the legal ceiling on borrowing (10.3 billion

dinars). Debt climbed to that level within two years after the debt ceiling was raised from 3 billion to 10 billion Kuwaiti dinars—something we have been forecasting in our reports for a long time.

Assuming that the government is to pay an average interest rate of only 5 percent, the debt burden to the general budget will be about 515 million Kuwaiti dinars (\$1.7 billion) annually as a recurring appropriation to cover only the interest, but not the repayment of principal.

Even at those low levels, interest payments amount to half the budgetary allotment for wages and salaries. Combined, both of those items represent 75 percent of currently budgeted oil revenues. This situation cannot continue, will not be fiscally tolerable, and will cause even wider deficits and higher interest payments.

The government seems to be currently in the process of preparing its draft provisional budget for 1993-94 and the minister of finance is projecting a deficit of 1 billion Kuwaiti dinars.

Unless fiscal policy planners are contemplating an absolutely balanced comprehensive budget that covers all public disbursements, including military expenditures, we have no doubt that the country will face a real deficit threat with unpredictable consequences.

### 3. State Institutions

The National Assembly debated last Tuesday a draft law to safeguard public funds. A draft of the bill offered by the Legislative Affairs Committee has already been discussed with members of the government. Perhaps the draft's most important provision is to enable the judiciary to take preemptive measures with regard to suspected misuse of public funds and to provide for harsher punishment of offenders.

Members [of the Assembly], perhaps because of past experiences, were concerned about the seriousness and fairness of the law. It was encouraging to note, however, that the prime minister and his deputy have reiterated their agreement with the Assembly on the proposed law and that they are determined to implement it fairly and with vigor. But the government seems to have some reservations about the draft law, and until it makes them known, we will not be able to ascertain the extent to which it agrees with the committee's draft and whether the changes it seeks are marginal or significant.

The attorney general, taking preemptive measures, has announced the names of three suspects and is holding their assets in receivership. The defendants are the former chief, deputy chief, and general manager of the London bureau.

### 4. The Kuwaiti Stock Exchange

The exchange was open only four days last week because of the New Year's holiday. Performance in the first week of 1993 was weak overall, as reflected by all indicators. There was no change from the final week of last year in that 39 companies are listed on the exchange and the stock of 37 of them was traded.

### Outline of GCC Economic Agreement Detailed

93AE0291A London *AL-HAYAH* in Arabic 24 Dec 92 p 9

[Article by Shafiq al-Asadi: "Abu Dhabi Summit Finalizes Debate on Unified Customs Tariff Among Gulf States"]

[Text] Abu Dhabi—The subject of a unified customs tariff was foremost among the topics discussed by Gulf Cooperation Council [GCC] leaders and states during their 13th summit, which ended yesterday in Abu Dhabi.

Agreement on the tariff stems from its economic importance for GCC countries and its political and economic significance for GCC member states' relations with the rest of the world. Gulf sources said that the customs tariff would enable the establishment of a common Gulf market, as well as promote GCC countries as an economic power in negotiations with the rest of the world.

Sources confirm that economic performance is a major focal point of joint activity within the scope of the GCC. Economic goals were specified within five major documents: the charter, the unified economic agreement, the development plans' objectives and policies, the unified strategy for industrial development, and the common agricultural policy.

#### Economic Agreement

The unified economic agreement encompasses a number of items that deal with economic issues, such as commercial exchange; the transfer of funds; economic practices; development coordination; technical cooperation in the fields of oil, industry and agriculture; support for joint projects, transportation and communications; financial customs and monetary cooperation; housing; municipal affairs; and diversification of the production base.

The preceding issues cover all aspects of joint economic activity and present a clear picture of the status of joint economic integration among the member countries as a means to merge their economies. This concern stems from the actuality of the de facto needs of GCC countries, most of which are dependent on oil as the sole source of revenue. Oil constitutes a high percentage of these countries' national earnings.

An integrated GCC market would provide the opportunity for the establishment of numerous projects that would not be possible within a nonintegrated market. General Secretariat sources state that with sound planning, a multiplicity of production schemes would achieve the major objective of diversification of the production base and a subsequent lessening in the dependence on a single source of revenue, along with the responsibility for continuation of fair competition.

The unified economic agreement was signed at a meeting of the Higher Council held during its second session in Riyadh in November 1981. During its third session (held in November 1982 in Manama), the Higher Council decided that certain items of the unified economic agreement would be implemented as of 1 March 1983.

At its sixth and seventh sessions, the Higher Council agreed on a program for the implementation of the unified economic agreement, which reflects the GCC states' resolve to expand the scope and reaches of joint activity.

Since the inception of the agreement, member countries have continued to implement its clauses.

Achievements of the unified economic agreement encompass the following: economic confederation, the unification of economic policies, interdependence of infrastructures, joint projects, the formation of joint institutions, the approximation and integration of procedures, systems and laws, group stances, and consolidated representation.

#### Achievement of Economic Confederation

GCC states have attempted to achieve economic confederation among the citizens of its member states by way of permission to undertake economic activities while granting them parity with citizens of the [other] member states in which they practice these activities. Moreover, attempts have been made to ensure and guarantee the free movement of products and means of transportation, with parity to their national counterparts.

The General Secretariat maintains that the following has been achieved in this regard:

- The cancellation of customs fees on agricultural, animal, and industrial products, as well as natural resource products of national origin.
- Permitting manufacturers to directly export their products to any member state without needing a local agent.
- Within government programs, priority is granted to local products and those of national origin.
- The treatment granted to means of transportation owned by citizens of GCC states is similar to that granted national means of transportation when crossing into any member state. The council also has endorsed a unified transit system.
- Granting the necessary facilities to steamships and vessels owned by any member state or its citizens and treating these ships and vessels in a manner similar to that of their national counterparts.
- Permission granted the physical and corporate citizens of GCC states to practice economic activity in the domains of industry, agriculture, animal and fish resources, contracting, hotels, restaurants, and operation, in addition to the maintenance and operation of the allowed practices. In support of this intent, the Higher Council, at its eighth session in Riyadh in December 1987, approved practice controls for citizens of GCC states who are undertaking economic activities in member states. The Financial and Economic Cooperation Committee was given the authority to add any economic activity in the future in accordance with the controls mentioned. These activities are to become effective after they are approved by the Council of Ministers.
- Conceding to a number of professionals and all craftsmen the practice of their professions and trades and treatment thereof in a manner similar to citizens of the inviting country. In the same session (the eighth), the Higher Council also approved controls on the practice of free trades by citizens of GCC states. The Financial and Economic Cooperation Committee was given the authority to add any other trades in the future in accordance with these controls.

- Conceding to citizens of GCC states the practice of economic activity related to retail and wholesale trade.
- Granting citizens of GCC states the right to obtain loans from industrial banks and funds.
- Conceding to citizens of GCC states the ownership of residential real estate.
- Approving an oil-lending scheme among GCC states and giving the Council of Ministers the authority to endorse any additional controls formulated by the Oil Cooperation Committee.
- Conceding to citizens of GCC states the practices of testing, inspection, operation, and maintenance in member states.
- Conceding to citizens of GCC states the ownership of joint-stock shares and the transfer of ownership thereof in accordance with the relevant controls.
- Parity of taxation among GCC state citizens.
- Doubling the number of airplane flights between the major cities of GCC states to serve the movement of citizens and residents of member states.

#### Economic Policy Integration

As a first step, the council attempted to adopt those general policies that constituted an acceptable framework for member state inclinations. In the future, these general policies will become the point of departure for national policies. Under this disposition, a number of documents were endorsed, among them:

- The development plans' objectives and policies.
- A joint agricultural policy.
- A unified industrial development strategy.
- A cooperation agreement among GCC member states and the European Economic Community.

#### Interdependence of Infrastructure

Efforts in this regard focused on study of the means to improve infrastructures to achieve an overlap of interests among GCC states. To fulfill this goal, the following steps were taken:

- The establishment of a direct overland route and the inclusion of its remaining sections within the development plans of member states.
- The finalization of the communications network in member states after the conclusion of the axial cable project between the United Arab Emirates and the Sultanate of Oman and the axial cable between Saudi Arabia and Bahrain.
- While studies have proven the feasibility of interconnecting high-tension electrical grids, consultations are ongoing among member states on the establishment of a joint body to undertake the formation and management of an electricity transfer distribution system among member states.
- Approval was given to use the Saudi remote-sensing station to provide GCC states with satellite-based data and photographs.
- Consultations are on-going on study of the integration of computer centers in member states. Studies of certain elements of infrastructure, such as the gas

transport and distribution network and the establishment of a railway line, have been finalized. Also, studies on port efficiency and means of transportation are on-going.

#### Joint Projects

The GCC General Secretariat has studied certain projects, some of which have proven economically feasible and have entered the implementation stage. Such projects include the production of purebred poultry, seed production and Marketing, reinsurance, and a joint company to outfit national airline carriers at Heathrow Airport. Moreover, the shareholder base in a number of stock-holding companies in GCC states has been expanded. These companies include: SABIC [Saudi Arabia Basic Industries Corporation], the Saudi Cable Company, and the telephone equipment manufacturing project. A number of citizens of GCC states participated in these companies.

In cooperation with the Gulf Investment Company (GIC), the General Secretariat has completed a preliminary feasibility study of 20 projects. The GIC will promote a number of these projects and establish them in cooperation with the private sector in GCC states.

The General Secretariat has also finalized a study of the institutional and organizational aspects of joint projects. This encompasses issues of settlement, funding, and the incentives required to stimulate investment in these projects.

#### Joint Organizations

The following organizations have been established since the inception of the council:

- The Gulf Investment Company, which is based in Kuwait.
- The GCC Specification and Standardization Organization, which is based in Riyadh. Since this organization was established, 107 Gulf specifications have been adopted.
- The Technical Communication Bureau, which is based in Bahrain. The bureau has been annexed to the General Secretariat and has increased its membership.
- National organizations for the control of toxic chemicals (currently being established in each state).
- A joint bureau for national airline companies in member countries within the (International) Civil Aviation Organization.

In addition, the General Secretariat is undertaking a study of the means to facilitate establishment of an integrated patent center.

#### Petroleum Institute Investments Reported

93AE0267B London AL-HAYAH in Arabic 4 Jan 93 p 10

[Article: "AL-SHAL Calls For Investigation Into Kuwaiti Petroleum Institute Investments"]

[Text] The AL-SHAL weekly economic report in Kuwait has called for an investigation into investments supervised by the Kuwaiti Petroleum Institute, particularly because

part of these investments were managed by a team from the Kuwaiti Investment Office itself, which bought Spanish investments. The following is the text of the report:

**Kuwaiti Stock Market:** Last Wednesday, 30 December 1992, the last working day of 1992, was extraordinary. The market's performance was weak during that week, but strengthened during the last two days. This was reflected by all market indicators. The number of companies ordinarily registered is 39, which is less than the expectations of the market management. The number of companies that circulated their shares at the start of the week was 37. Then two more companies circulated their shares during the week, perhaps to determine their prices. Two companies' shares did not circulate, despite their being re-registered. These companies were the United Kuwaiti Fisheries Company and the Kuwaiti Hotel Company. The AL-SHAL index reading for 30 December 1992 was 92.5 points, a loss of 2.8 points, or a total of 2.9 percent, from the previous week. The loss totaled 7.5 percent of the shares' value on 1 August 1990. The number of companies that lost value on that date was 22, while 14 companies gained and one remained unchanged.

The total volume of shares changing hands was 12.89 million. The daily average was approximately 2.58 million shares, a decline of 35.94 percent over the preceding week. The total value of shares circulated was 3.51 million Kuwaiti dinars, with a daily average of 702,000 dinars. That is a decrease of 41.4 percent. The total number of transactions was 425, with a daily average of 85, which represents a drop of 15.84 percent. The most active shares belonged to the Kuwaiti National Bank, with approximately 11.87 percent of the total volume and 42.45 percent of the value changing hands. Next was the Kuwaiti Financial House, with 11.56 percent of volume and 15.91 percent of value, followed by the Gulf Bank with 18.31 percent of volume and 13.75 percent of value. The banking sector was preeminent, with 72.08 percent of volume and 88.55 percent of value.

### 1. Indebtedness

On the television program *Issues and Answers*, the schedule of indebtedness was discussed. That discussion would have been supplemented by this report. We are not concerned with its content of the discussion, but some issues raised by the governor of the Kuwaiti Central Bank must be discussed. In our judgment, they have not been reconciled.

The first issue is the heated defense of the Kuwaiti Central Bank's nonintervention in classifying guarantees in exchange for commercial bank loans in order to guard against possible dangers on the pretext that no central banks in the world do that. The lack of accommodation can be understood by more than one argument. The first is that the Kuwaiti Central Bank intervenes to set the percentage of cover for the shares' securities and real estate assets. During al-Manakh, it was assumed that the percentage was lowered to protect the banking institutions and that it was the essence of its jurisdiction. Second, central banks in the world do intervene. They ask banks under their supervision to reconstruct their securities—as is happening in the United States for real estate assets—or

not to add to them. The third argument is that the world's central banks have not even once guaranteed deposits, shareholders' rights, and distribution of banks' annual profits, as happened in Kuwait. Fourth, when banks and investment companies are guilty of mistakes, it is permissible to liquidate them, as happened after the Great Depression of 1929, and force them to change their management, as happened with the [Illinois] Continental Bank, or the officials in charge, as happened with the American president's son and with our investment partner in Arizona, Mr. Keating. The governor had previously threatened to suspend the license of any bank that rejects the principle of merger. That is a harsh penalty for a position that is not dangerous.

The second issue is the governor's interpretation of the weakness of the consequences of acquiring debts under the indebtedness program on the pretext that nothing can be obtained from those who enter the program by declaring bankruptcy. It is an unjustifiable mistake to reduce the percentage to below 5 percent, because those who are bankrupt should overcome their debts by means of their assets, even if only by 1 percent. Many of them have cash flows, and many have not submitted their true financial positions. They did not mention their cash flows to the governor in previous letters. We think that the governor said that to confuse people. We do not think that he is unaware of the weakness of what he says. Certainly, the Central Bank did not agree to apply the indebtedness program because of its weak negotiating position as a result of the lack of neutralism in application on the one hand, and the weakness of its agency in terms of being able to apply and follow up on the program, on the other.

Our evaluation is that any solution proposed for the indebtedness issue must not be left to the Central Bank to apply. In that regard, perhaps we are in agreement on several respects. First, we blame the Central Bank for its lack of neutralism and the possibility of its using force, which gives it the opportunity to stand alone with regard to implementation motivated by sociopolitical reasons. The second element is the limited technical capability of its agency and the strong centralization of its management. The third is its wealth of unsuccessful experiences since al-Manakh and even its representational participation in the responsibility of managing our foreign investments.

### 2. State Institutions and Construction Efforts

#### A. The Kuwaiti Oil Tanker Company

At the end of November 1992, we published a report of major overdrafts in a subsidiary company of the Kuwaiti Petroleum Institute: the Kuwaiti Oil Tanker Company. We asked that the entire matter be referred to the courts. In a quick reaction that same day, one of the institute's senior officials confirmed the truth of the situation and promised to refer it to the courts after sufficient evidence was gathered. At that point, we stopped our investigation. Initial information indicated that the overdrafts were in the range of \$100 million or more. One of the incidents involved former company officials buying two tankers for \$60 million and spending another \$60 million on them. One of the two was sold for \$5 million, while the second tanker has not yet been sold. What we want to investigate is the rest of the Petroleum Institute's investments

throughout the world, most of which are direct investments. We believe that some of them, at least, were bought at the highest market price even though their financial performance does not justify the cost and even though, most certainly, they do not compare with the Spanish investments. However, part of the "Spanish team" itself participated in them, and we want the new management to investigate the facts of these investments. Let's benefit from the healthy climate in which the country lives these days, in certainty of the rule of law and the return of respect for the law.

#### B. Foreign Investments

Major developments have not occurred this week, but certainly a positive development took place with regard to efforts toward cooperation and coordination among the executive, legislative, and judicial branches of government. The government has promised—on more than one occasion—that it will not protect anyone and that it will let the law take its course, regardless of the names of those involved. This certainly will act to lessen the intensity of suspicions about the results of the ongoing investigations. Perhaps most of the controversy that is being stirred up these days is over the lack of precautionary measures to seize funds of dubious persons. This reveals the defects in prevailing laws. Perhaps the bill that pertains to the protection of public funds, which was adopted by the legislative committee and the draft of which was published this week, will fill many gaps in the present legislation. In light of the coordination efforts now present among the branches, possibly this law will soon see the light of day.

#### **Oil, Financial Picture 'Better Than Expected'**

93AE0264A London *AL-SHARQ AL-AWSAT* in Arabic  
9 Jan 93 p 10

[Report from Kuwait: "Light Trading on Exchange; Kuwaiti Oil Picture Better Than Expected"]

[Text] Preliminary figures indicate that oil production in the interior of Kuwait may amount to about 1.7 million bpd [barrels per day] next February, or about 1.85 million bpd after adding Kuwait's share of [oil produced in] the neutral zone.

A preliminary report published in the weekly *AL-SHAL* points out that the state of oil reserves is better than expected. Losses at al-Manaqish field, the only field on which a study has been completed, were limited to burning and leakage, aside from losses to net income as a consequence of higher production costs as a result of the rehabilitation of that field.

The report pointed out that the case of the Kuwaiti Oil Tanker Company is still under investigation and that there seems to be enough evidence to indict certain senior company officials but that others may also be involved. It seems that the company's internal investigation will continue through the current month before the case is referred to the General Prosecutor's Office.

#### **Public Finances**

The governor of the Central Bank of Kuwait said in a press release that Kuwait's foreign debt amounted to \$11 billion,

half of which is in direct loans and the other half in export facilities extended by other countries. "We believe that the half composed of facilities has not been fully utilized, but it will be used in the immediate future because the country needs hard currency. Pending updated figures on public finances, which we believe constitutes the most serious threat to the country in the short-term, public domestic indebtedness amounts to 7 billion Kuwaiti dinars, or about \$23 billion at current exchange rates. This means that the country is indebted for \$34 billion, or 10 billion Kuwaiti dinars, which is the maximum allowed by the Borrowing Law, and may even exceed [that maximum] a little (10.3 billion Kuwaiti dinars). [The maximum limit] was reached within two years after the borrowing ceiling was raised from 3 to 10 billion Kuwaiti dinars—something we have been forecasting in our reports for a long time.

"Assuming that the government will pay interest at an average rate of 5 percent, the burden to the state budget will amount to some 515 million dinars (\$1.7 billion) annually and will be a regulatory recurring item to cover the interest alone, not the principal. Even at those low rates, debt interest accounts for half the budget allocation for salaries and wages. Combined, the two allocations account for about 75 percent of oil revenues under the current budget. This cannot continue and cannot be tolerated from a fiscal viewpoint, or it will result in worsening deficits and increased debt service payments.

"The government seems to be currently preparing its provisional budget for FY 1993-94, and the deficit is estimated by the minister of finance at about 1 billion Kuwaiti dinars. Unless fiscal policy planners intend to work with a comprehensive budget that covers all public expenditure, including military outlays, and unless that budget is balanced to the utmost, we have no doubt that we are exposing the country to the real threat of a deficit that could have unforeseen consequences."

#### **Stock Exchange**

The stock exchange was open only four days last week because of the New Year's holiday. Trading in the first week of 1993 was generally weak, as reflected in all indicators. The number of firms listed on the exchange remains at 39. The shares of 37 companies were traded [in the first week of the year], as was the case in the final week of 1992. The temporary *AL-SHAL* index dropped 1.9 points, to 90.6. This is a decline of about 2.1 percent from the preceding week and a drop of about 9.4 percent from the value of those shares on 1 August 1990. There were 14 stocks that gained and 22 that lost, and only one stock remained unchanged, also in comparison with that same date.

About 6.85 million shares were traded, at an average of 1.1 million shares a day for the four day period. That constituted a sharp drop of 46.85 percent from the previous week. Shares traded had an aggregate value of about 2.81 million Kuwaiti dinars, for a daily average of 702,000 dinars and a decline of about 19.97 percent. There was a total of 273 transactions for an average of 68 trades a day and a decline of about 35.76 percent.

**Report: Oil Output To Hit 2 Million Barrels**93AE0339A London *AL-HAYAH* in Arabic 6 Feb 93 p 12

[Report from Kuwait: "Kuwait Tries To Raise Oil Output to 2 Million bpd by Mid-Year"]

[Text] Kuwait's Ministry of Petroleum is attempting to raise interior oil output to 1.7 million bpd [barrels per day] by the time a conference is held on the 13th of this month and plans to produce at the rate of 2 million bpd by the end of the first half of this year, according to the weekly economic report of AL-SHAL's Kuwait bureau.

The text of the report follows:

**1. Oil**

Oil output in the interior of Kuwait rose last Monday to about 1.731 million barrels, an increase of about 131,000 barrels over a week ago Sunday. It shares of the two offshore fields in the partitioned zone amounted to about 148,000 bpd, in addition to about 47,000 bpd from al-Wafra field. Kuwait's total share of oil produced in the partitioned zone therefore amounted to about 195,000 bpd, giving it 1.926 billion bpd in aggregate oil output. This is about 162,000 barrels more than its output on Sunday the week before last. This large production jump corresponds to plans by the Kuwait Oil Company, which has promised to attain that level of output in early February. The number of gathering centers remains at 17 operating facilities, with a refining capacity at 415,000 bpd, which indicates that [Kuwait] refines 22 percent of its total output.

It seems that Kuwait is attempting to raise interior oil production to about 1.7 million bpd, which it promised to do before OPEC meets on 13 February. It has, therefore, fulfilled its promise.

Kuwait plans to boost productive capacity to about 2 million bpd by the end of this year's first half, rather than by year-end, as it originally planned. Kuwait is having great difficulty restoring and increasing productive capacity at the same rate as other countries that consider their increase in production to be an acquired right, even though Kuwait feels that it was denied the right to produce for a long while since the occupation and that an increase in production is justified by its need to meet post-occupation obligations.

It seems that OPEC members, including Kuwait, are thinking of raising production but that they completely forget their ability to reduce costs and therefore realize enough flexibility to control production. It seems that it [OPEC] is an organization that has not sufficiently matured. It has been, and still is, experiencing losses. It seems that it will be repeating those experiences in the future and that there is neither commitment nor validity to its agreements.

We believe that a 5 to 6 percent reduction in output would have a positive impact on income if all OPEC members committed to reduce production at a rate commensurate with current production levels.

**2. State Institutions and the Reconstruction Effort****A. Kuwaiti Investments and Oil Tankers**

The case of the embezzlement of public funds is still unfolding. Perhaps the most important development in that regard was the publishing gag imposed by the prosecutor general. That statement has stirred a great deal of debate. We believe, however, that its intention was not to slap an absolute gag, but to prevent the dissemination of rumors that are damaging to the investigation, such as published reports of plea bargaining by some of the defendants in the investment case. It seems that the defendants leaked those rumors as trial balloons to gauge government and street reaction and then act accordingly. It is the prosecutor general's privilege, as well as his obligation, to safeguard the integrity of the investigation. We do not believe that an absolute gag was intended, because it is not possible to prevent the local publication of stories that concern the country that are reported in all of the foreign media. Indeed, the censorship of the domestic information media since 1986 was one of the reasons directly responsible for letting the matter worsen to that degree. Such ills can fester only in unhealthy climates. Other problems in other areas will surface in time. Such exposes should be encouraged and will be of future help to judicial authorities.

**B. Nonperforming Debts**

The Central Bank of Kuwait has, for the second time, postponed implementation of the law governing nonperforming debts. This time, the postponement was apparently at the wishes of the National Assembly, perhaps to give the parties concerned with finding a solution one more opportunity to devise a joint solution. It is to be understood that, in view of conflicting interests and concerns, no solution will be acceptable to all. It would seem, on the basis of statements by members of the Finance and Economic Committee, that there is a propensity to reapply the law. The law had been practically suspended since the al-Manakh crisis in mid-1982 and was again partially suspended in favor of the Nonperforming Debt Program of 1986. Judging by the experiences of others, and by our own experiences, we believe that no solution will be successful unless it respects the law. In view of the Investment and Cooperative debacles, the general atmosphere is perhaps [now] conducive to a return to the supremacy of law.

**3. Kuwait Stock Exchange**

Kuwait stock exchange performance was mixed last week, as reflected in the disparate index performance. Last Wednesday was the latest most-active trading day, accounting for 25.6 percent of the volume of all shares traded during the week and for 44.1 percent of the value of trades.

The number of listed firms remains at 39, 37 of which were involved in trades. The AL-SHAL temporary index registered 88.7 at the end of trading last Wednesday, for an increase of .3 points over a week earlier and a decline of 11.3 percent in the value of those companies on 1 August 1990. Twelve companies rose in value, and 24 lost value. Only one company remained unchanged from its 1 August 1990 value.

A total of about 12.79 million shares were traded, for a daily average of about 2.56 million shares, which is a drop of 25.1 percent from the previous week. Traded shares had an aggregate value of about 4.37 million Kuwaiti dinars. This represents a daily rate of some 875,000 dinars and a decline of 39.6 percent. There was a total of 254 transactions, for a daily average of 51 trades. This is a drop of 38.9 percent.

**Air Force Mirage Crashes Near Airport**

*93P50070A London AL-HAYAH in Arabic 26 Feb 93 p 7*

[Text] Kuwait, AL-HAYAH—A Kuwaiti Air Force fighter crashed yesterday near Kuwait International Airport just before landing. Its pilot was able to jump with his parachute.

Kuwaiti sources said that the aircraft, a French-made Mirage F-1, was returning to the airport after participating in an air show organized on the occasion of Kuwait's National Day yesterday.

They added that a problem with the landing gear forced the pilot to eject from the plane, which came down near the grandstand and caught fire.

However, a Kuwaiti Air Force officer told REUTERS that there was no fire in the plane and that it had been moved to a workshop for repairs.

The Air Force put on a show in the skies over the capital yesterday. The show included Mirage F-1, Skyhawk, and F-18 aircraft.

**Capital Punishment Considered for Drug Dealers**

93AE0268B London *AL-SHARQ AL-AWSAT* in Arabic  
4 Jan 93 p 2

[Article by Muhammad al-Damyan: "Arab Interior Ministers Discuss Security Issues Today"]

[Text] Meetings of the 10th regular session of the Council of Arab Interior Ministers will begin in Tunis on 4 January 1993 and will continue for three days. A number of security issues will be discussed, in addition to financial and administrative reports.

Dr. Ahmad Muhammad al-Salim, the council's secretary general, said that the agenda includes all types of security and anticrime issues, both old and new—such as narcotics, in the Arab world. Resolutions about counteraction, prevention, and treatment of these matters have been issued.

In his statements to the press, al-Salim added that the council will discuss the draft of a second five-year Arab security plan, which will immediately follow the first security plan, in order to intensify activities that reinforce Arab cooperation, firmly establishing it in the security field and help it to achieve a prominent role for the secretariat general in international organizations and bodies. In addition, an international Arab agreement will be discussed to combat drug dealers and users and to tighten the noose around distributors, putting an end to the damage they do.

Egyptian Interior Minister Major General Muhammad 'Abd-al-Halim Musa, shortly before he left Cairo to participate in the meetings, said: "Security in Egypt has been stabilized since the police campaigns against extremists." He explained that "security matters in Egypt have calmed down. There will be no backing away from resolute and decisive positions against terrorists. This is no time to be lax with them."

Kuwaiti Interior Minister Shaykh Ahmad al-Hamud al-Jabir al-Sabah left Kuwait on 3 January, en route to Tunis. He said that the interior ministers will discuss the antinarcotics issue, which requires cooperation among all Arab nations to put an end to drug abuse. It is also worthy of

note that the Kuwaiti National Assembly is putting considerable emphasis on rooting out the drug trade in all its forms. Ahmad al-Sa'dun, the speaker of parliament, along with four deputies, has submitted a bill that calls for the death penalty for drug dealers.

On another subject, deputy 'Abbas Munawir, chairman of the National Assembly's Internal and Defense Affairs Committee, told *AL-SHARQ AL-AWSAT* that the Kuwaiti interior minister had finished all of the documents pertaining to the prisoners and detainees held by the Iraqi regime, in reaction to the announcement of the Arab League envoy who was tasked with following up the prisoner issue that Iraq has acknowledged holding only 136 prisoners.

Munawir said that "those who admit to a few admit to many. Iraq's admitting to that number proves that it has [even more] prisoners. It has become used to procrastination and blackmail." He stressed that efforts will continue until the last prisoner returns. Kuwaiti Minister of Finance and Planning Nasir al-Ridan told *AL-SHARQ AL-AWSAT* that the Kuwaiti prisoner issue would be raised and discussed at any Arab or international meeting attended by a Kuwaiti official. "I expect that it will be raised at the Arab interior ministers' meeting in Tunis," he said. He stressed that the number of detainees was 850 persons.

Ambassador Rashid Idris, the Arab League's envoy, said that his visit to Baghdad yielded positive and encouraging results, even though a solution to this humanitarian issue has not been completed. He explained that his mission has not yet ended and that he would continue to pursue a solution to this issue with a second visit to Baghdad and then Kuwait.

Idris said that the Iraqi authorities had given him the files of 136 persons on Kuwait's list, which contains another 700 persons. He has met with a number of Kuwaiti detainees in Iraq who are among those on the list of 136 persons.

It is worth mentioning that Idris's statements about Iraq's acknowledgement of only 136 prisoners met with dissatisfaction from the prisoners' families in Kuwait.

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